

Subject: Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2021**Recommendation:**

**BE IT RESOLVED THAT Council receive Report # 2021-0035-
Corporate Services ;**

**AND THAT Council approve the Special Pre-authorized Property Taxes
COVID-19 Payment Plan for 2021 in order to offer flexibility for tax
payers facing financial challenges due to the pandemic.**

Background:

The COVID-19 Pandemic has resulted in severe financial hardship for some property tax payers. The Town responded by mitigating this financial hardship for Pelham residents in 2020 by suspending interest and penalty for three months for property taxes and utility bills.

In order to help residents who have incurred financial hardship in 2020, the Town is proposing a Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2021. This Special Payment Plan will allow residents to pay their outstanding 2020 and 2021 property taxes over a 10-month period (starting in March 2021).

Property owners using the program will be able to pay their outstanding 2020 tax amount and their 2021 taxes through equal instalments penalty and interest free.

The relief is available for tax payers who had paid their taxes in full as of February 28, 2020 but are now experiencing hardship due to the pandemic. Hardship could include such experiences as loss of employment, illness or death of a family member, closure of a business.

Residents must be able to provide proof or attest to financial hardship related to the pandemic.

Applications are due by February 19, 2021 for the 10-month payment period. If applications are received after this date, the payment period is reduced by the

number of months left in 2021.

Analysis:

There are approximately 175 residents that might be eligible for this Special COVID-19 Pre-authorized Payment Plan. The value of outstanding property taxes for these 175 properties for 2020 is approximately \$450,000. The benefit of this Special Pre-Authorized Payment Plan is that it will help residents who have experienced financial hardship pay their 2020 outstanding taxes plus their 2021 balance without incurring additional interest and penalties. This will also allow them to spread their payments over 10-months providing some monthly cash flow relief.

Financial Considerations:

A special COVID-19 pre-authorized property tax payment plan would enable the Town to collect outstanding 2020 property taxes evenly throughout 2021, and it would mean that the Town would forego the interest and penalties that would otherwise be charged on those arrears balances in 2021. However, it will assist residents that have fallen into financial hardship during the pandemic and provide some interest relief and an even monthly payment plan for their property taxes.

Alternatives Reviewed:

The alternative is not to provide this program. By not providing this program, residents who have experienced financial hardship may continue to struggle to pay off their 2020 and 2021 taxes and will continue to accumulate penalty and interest monthly.

Strategic Plan Relationship: Financial Sustainability

This Special Pre-authorized Payment Plan will help residents in financial hardship with their outstanding 2020 tax balances and it will improve the collection process for our taxes receivable.

Consultation:

The City of Niagara Falls and the City of St Catharines have implemented this program for 2021. Port Colborne ran a similar program and experienced modest levels of participation.

Town of Pelham Tax Clerk

Other Pertinent Reports/Attachments:

Appendix 1: Draft Application Form and Guidelines

Prepared and Recommended by:

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